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DOCKET FILE COPY ORIGINAL

EXHIBIT K

SEP 16 1997



September 16, 1997

**EX PARTE PRESENTATION**

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

Re: *In the Matter of MCI Telecommunications Corporation  
and MCIMetro Access Transmission Services, Inc.'s  
Petition Pursuant to Section 252(e)(5) Seeking to  
Preempt the Jurisdiction of the Missouri Public  
Service Commission, CC Docket No. 97-166*

Dear Mr. Caton:

Pursuant to the request of the staff of the Common  
Carrier Bureau, I am attaching copies of the following  
material: (1) Order Granting Clarification and  
Modification and Denying Motion to Identify and Motions  
for Rehearing issued by the State of Missouri Public  
Service Commission ("MoPSC") on January 22, 1997  
(previously submitted as Exhibit K to MCI's Petition);  
and (2) pages 1034 to 1045 from the transcript of  
proceedings from MoPSC Case Numbers TO-97-40 and TO-97-  
67 on October 15, 1996.

In the Order Granting Clarification, the MoPSC states  
that, in resolving arbitrations regarding local  
interconnection, it "may rely upon evidence presented by  
the parties, evidence presented to it in other public  
proceedings, evidence presented to and decisions issued  
by the Federal Communications Commission and other state  
Commissions, as well as generally reliable information  
which is in the public domain." Order at 4.  
Furthermore, the MoPSC states that "Congress did not  
intend to impose upon State commissions a Hobson's  
choice or 'winner-take-all' kind of arbitration,  
sometimes practiced by professional baseball." Id. at  
5.

The excerpts of the transcript reveal that AT&T  
Communications of the Southwest, Inc. ("AT&T")  
ultimately took the position that the MoPSC should not  
impose upon the parties the terms of its draft

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Mr. William F. Caton  
September 16, 1997  
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interconnection agreement. Nancy Dalton, an AT&T witness responsible for business planning for local service market entry and interconnection negotiations stated as follows:

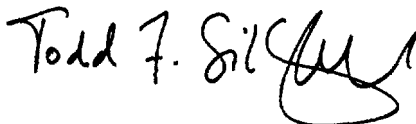
The recommendation would be that, for those areas where we've reached agreement in principle, the parties over the last few weeks have continued to negotiate terms and conditions for an interconnection agreement.

Therefore, my recommendation would be that the agreed-to terms and conditions between the parties be what's represented and filed with the Commission as opposed to the Commission unilaterally adopting the language that was in our prefiled interconnection agreement.

Tr. at 1040 (emphasis added).

Should you have any questions concerning the foregoing, do not hesitate to contact me. In accordance with the Commission's rules, an original and two copies are submitted herewith.

Very truly yours,



Todd F. Silbergeld  
Director-Federal Regulatory

Attachments

cc: Ms. Sockett  
Mr. Dixon



# *Attachment I*



STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 22nd  
day of January, 1997.

In the Matter of AT&T Communications of the )  
Southwest, Inc.'s Petition for Arbitration )  
Pursuant to Section 252(B) of the Tele- )  
communications Act of 1996 to Establish ) Case No. TO-97-40  
an Interconnection Agreement with South- )  
western Bell Telephone Company. )

In the Matter of the Petition of MCI )  
Telecommunications Corporation and )  
Its Affiliates, Including MCImetro )  
Access Transmission Services, Inc., )  
for Arbitration and Mediation Under ) Case No. TO-97-67  
the Federal Telecommunications Act of 1996 )  
of Unresolved Interconnection Issues with )  
Southwestern Bell Telephone Company. )

ORDER GRANTING CLARIFICATION AND MODIFICATION  
AND DENYING MOTION TO IDENTIFY  
AND MOTIONS FOR REHEARING

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## I. Procedural History

On December 11, 1996, the Commission issued its Arbitration Order in this case. On December 20, 1996, MCI Telecommunications Corporation (MCI) filed an Application for Clarification. On December 20 Southwestern Bell Telephone Company (SWBT) also filed a Motion for Clarification, Modification and Rehearing of Arbitration Order (the Motion), as well as a Motion to Identify and Produce Information. On December 30 AT&T Communications of the Southwest, Inc. (AT&T) joined MCI in its Response to SWBT's Motion and this joint response also requested clarification, modification and rehearing.

On January 6, 1997, SWBT filed its Reply to the Joint Response of MCI and AT&T, and on January 8 MCI and AT&T filed a Joint Motion to Strike the Reply of SWBT (Motion to Strike). On January 14, 1997, SWBT filed its Response to the MCI/AT&T motion to strike.

The Commission has reviewed the pleadings which have been filed in this case since the issuance of the Arbitration Order and will grant in part the motions for clarification and modification as jointly filed by MCI and AT&T and as filed by SWBT. The Commission has modified the discount rate for resale services and determined that a discount rate of 20.32 percent is a more appropriate interim rate. The Commission wishes to reiterate and clarify some of the reasoning underlying its original Arbitration Order. The Commission will establish new deadlines for the submission of rate proposals required by the December 11, 1996 order and will set a schedule for establishing permanent rates for resale of services and for unbundled network elements by June 30, 1997. The Commission will deny the motions for rehearing.



## II. Arbitration Process

Certain parties to this arbitration proceeding, which was conducted pursuant to Section 252 of the Federal Telecommunications Act, raised objections which are more appropriate to a judicial or quasi-judicial administrative proceeding. It is important to remember that this is an arbitration proceeding, where the Staff of the Commission was ordered to serve as advisors to the Commission, where intervention was not permitted,<sup>1</sup> and where the Office of the Public Counsel was the only other entity permitted to participate in the case.

Arbitration is generally recognized as a method to resolve disputes, often very complicated ones, through informal means without technical application of the rules of evidence, or the rules of civil or administrative procedure. While fundamental notions of due process must be observed, the body of law developed in the United States, as well as the State of Missouri, is clear that arbitrators have a significant amount of discretion in how the proceeding is conducted, what facts are considered to resolve the dispute, and what the form of resolution will be. *PaineWebber, Inc. v. Agron*, 49 F.3d 347, 350-52 (8th Cir. 1995); *Oscola Co. Rural Water System, Inc. v. Subsurfco, Inc.*, 914 F.2d 1072, 1075 (8th Cir. 1994); *National Ave. Bldg. Co. v. Stewart*, 910 S.W.2d 334, 346, 348-49 (Mo. App. 1995); *Stifel Nicolaus & Co. v. Francis*, 872 S.W.2d 484, 485-86 (Mo. App. 1994).

Indeed, the process of arbitration is so inherently flexible that neither the Telecommunications Act nor even the federal or state

---

<sup>1</sup> Intervention may be permitted at the time the interconnection agreement, whether arrived at through negotiation or arbitration, is presented to the Commission for approval pursuant to Section 252(e) of the Telecommunications Act.



arbitration acts precisely define arbitration. See 47 U.S.C. § 252(b)-(c); 9 U.S.C. §§ 1-16 (federal arbitration act); §§ 435.012-.470, R.S. Mo. (1994). While there are standards in the Act to guide the work of the arbitrators, the absence of comprehensive rules grants a degree of liberality to these proceedings which is consistent with the commercial arbitration practices followed by the American Arbitration Association.

Some have argued that Section 252(b)(4)(B) limits the evidence and information upon which this Commission may base its arbitration decisions. They contend that the second sentence of Section 252(b)(4)(B) provides that a commission "may proceed on the basis of the best information available to it from whatever source derived" only after "any party refuses or fails unreasonably to respond on a timely basis to any reasonable request from the State commission." However, this provision must be read in harmony with the first sentence of 252(b)(4)(B) which states that a commission "may require the petitioning party and the responding party to provide such information as may be necessary for the State commission to reach a decision on an unresolved issue [emphasis added]." The permissive nature of this passage recognizes that a State commission "may" consult other sources as well. This Commission believes that in reaching its arbitration decisions it may rely upon evidence presented by the parties, evidence presented to it in other public proceedings, evidence presented to and decisions issued by the Federal Communications Commission and other state Commissions, as well as generally reliable information which is in the public domain.

Such conclusion is compelled by the mandate of Section 252(b)(4)(C) which declares that "the State commission shall resolve each issue set forth in the petition and the response, if any, by imposing



appropriate conditions as required to implement [the requirements of the Act] upon the parties to the [interconnection] agreement...." This provision expresses Congress's clear intent that State commissions ensure that interconnection agreements reflect the requirements of Section 251 of the Act, and set rates and terms accordingly. This shall be done under the Act even in the face of recalcitrant parties that seek to present a State commission with extreme positions based on incomplete, inaccurate or incomprehensible evidence. Congress did not intend to impose upon State commissions a Hobson's choice or "winner-take-all " kind of arbitration, sometimes practiced by professional baseball.

### III. Issues to be Modified

Those issues to be clarified or modified are as follows:

- A. Issue 10. Physical Interconnection and Collocation;
- B. Issue 16. Access to Poles, Conduits and Rights-of-Way;
- C. Issue 22. Operational Support Systems;
- D. Issue 23. How Should Network Elements be Priced?;
- D(1) Issue 23e. Fill Factors;
- D(2) Issue 23f. Bad Debt Expense;
- E. Issue 36. Pricing Resale Services; and
- F. Issue 37. Local Service Customer Change Charge.

#### A. Issue No. 10. Physical Interconnection and Collocation:

SWBT has argued that in the situation where a local service provider (LSP) interconnects with SWBT at one point in the LATA and requests common transport, provided by SWBT, to any other exchange within the LATA, compensation should be as set out by SWBT's proposal. The Commission finds it appropriate to clarify the Arbitration Order on the issue of access charges which are appropriate when common transport is provided.

To that end, the Commission finds that it is appropriate to allow SWBT to be compensated for calls which are routed over common facilities and inter-tandem switches, with compensation mechanisms



dependent on the jurisdiction of the call. MCI and AT&T have noted that both parties requested that interconnection be available by unbundled network transmission elements, which includes both dedicated and common transport.

**B. Issue No. 16: Access to Poles, Conduits and Rights-of-Way:**

SWBT has contended that it may be a violation of state law for SWBT to bring a condemnation action on behalf of a LSP. The Commission's requirement on this issue is that SWBT would do so if, and only if, it is necessary and if it is provided for by state law. According to the response of AT&T and MCI, in an agreement entered into in Texas, SWBT has already agreed to act as AT&T's agent at AT&T's expense in any condemnation proceedings to the extent such a proceeding is required and consistent with any applicable state statute. Similarly, the Commission would expect that SWBT would do likewise in Missouri and that SWBT would act as the agent and at the requesting party's expense in any condemnation proceeding where SWBT's actions on behalf of the local service provider are required and so long as they are consistent with the applicable state statute.

**C. Issue No. 22. Operational Support Systems:**

The Arbitration Order required SWBT to provide electronic access to its operations support systems (OSS) pursuant to conditions and time lines established in the Commission's order. That order directed SWBT to provide real-time interfaces that allow LSPs to perform preordering, ordering, provisioning, maintenance and repair, and billing for resold services and unbundled network elements.

However, the Commission finds that the necessary standards have not yet been developed for electronic bonding as required to implement real-time ordering interfaces. Therefore, SWBT cannot provide such real-



time interfaces. The Commission finds that SWBT shall utilize the EDI interface ordering, and shall implement a real-time interface as soon as standards for electronic bonding are developed.

**D. Issue No. 23: How Should Network Elements be Priced?**

**(1) (e) Fill Factors:**

The Commission notes that the Arbitration Order incorrectly stated that the fill factor for distribution cable was 50 percent. The Commission, in fact, utilized a fill factor of 40 percent in calculating the cost of distribution cable in the preparation of its arbitration report. The Commission hereby corrects the Arbitration Order, *nunc pro tunc*, so that the fill factor shall read 40 percent instead of 50 percent.

**(2) (g) Bad Debt Expense:**

SWBT argues in its Motion that it was inappropriate for the Commission to remove bad debt as cost of the local loop. In support of this argument SWBT has stated that its cost studies did not include any costs for bad debt. Inasmuch as the Commission is establishing interim rates and not final rates, and considering the fact that it was unclear as to whether or not bad debt was included in the original figures, the Commission will modify the figures to include the \$0.45, plus appropriate common cost, which was originally removed as bad debt. (See Attachment A)

**E. Issue 36. Pricing Resale Services**

The Commission initially ordered a resale discount rate of 21.61 percent. After further reviewing the record and the other information available to it, the Commission has determined that a lower resale discount rate is more appropriate. Specifically, the Commission finds that the discount rate of 20.32 percent, which was arrived at by using the FCC's recommended methodology, is the more appropriate interim



discount rate for resold services.

In its Arbitration Order the Commission applied the FCC methodology to Missouri data and arrived at the 20.32 percent figure, but decided to adjust the uncollectible factor. In reconsidering that decision, the Commission has determined that it would be more appropriate to adopt the FCC methodology and the 20.32 percent on an interim basis without adjustment. There may well be other factors in the FCC methodology that need to be adjusted to arrive at a satisfactory permanent rate, but the data to make those adjustments is not available to the Commission at this time. Without more data and the time and opportunity to examine the FCC's methodology and underlying assumptions in detail, the Commission is not in a position to adjust the percentage of one isolated factor. It is more appropriate to establish the 20.32 percent on an interim basis, and then pursue the information necessary to obtain accurate data, determine appropriate levels of avoided costs and arrive at a permanent discount rate. (See Attachment B)

**F. Issue No. 37. Local Service Customer Change Charge:**

Similarly, the Commission's Arbitration Order set out a service order charge in Issue 37 which would be applied to orders for unbundled elements. The Commission hereby corrects this issue, *nunc pro tunc*, to indicate that the service charge applies once per order and not once per each element ordered.

**IV. Schedule for Development of Permanent Rates**

This arbitration was conducted under the ninety-day time constraint imposed by the Act which did not permit the detailed analysis the Commission considers necessary for establishing permanent rates for unbundled elements and resale. Accordingly, the Commission has determined



that the rates established in this arbitration shall be interim rates only and that further proceedings shall be conducted to establish permanent rates.

In order to implement permanent rates, the Staff in its capacity as advisor to the Commission is instructed to conduct a sixteen-week investigation beginning February 10, 1997, with a special focus on identifying the critical inputs and analyzing the costing models. Two to three days each week the Commission's advisory Staff, SWBT personnel and a representative of OPC shall meet in SWBT offices in St. Louis where software, data and subject matter experts responsible for critical input values will be readily available. Similarly, Staff shall meet with AT&T and MCI during this 16-week period at a mutually agreed upon location to identify critical inputs and to analyze costing models which AT&T and MCI endorse. SWBT will not participate in these meetings. Because SWBT will perhaps be required to disclose extraordinarily confidential information, including trade secret and other proprietary matter, AT&T and MCI will not participate in these meetings. Because of its status under Missouri law, OPC will be allowed to participate in these meetings. See § 386.710, R.S. Mo. (1994). In addition, OPC has no capacity to profit from using such confidential data in the competitive marketplace. This process will allow the parties the opportunity to work with the Commission's advisory Staff to explain in a thorough, detailed and analytical fashion their costing models and final costing inputs.

After reviewing Staff's analysis, the Commission will announce proposed permanent rates and ask all parties to comment. If deemed necessary by the Commission, prior to setting permanent rates the Commission



will conduct an on-the-record proceeding to allow statements from the parties and questions by Commissioners.

The parties are expected to provide full cooperation with Commission Staff in this effort, including providing necessary training of Staff, documentation for all inputs and calculations, and access to each of its cost models. The parties shall allow the Staff to analyze the models using various inputs and assumptions and make available all necessary data including data it considers to be proprietary. The analysis shall proceed on the following schedule, unless otherwise ordered by the Commission:

**Beginning February 10, 1997:**

<b>Weeks 1-4</b>	SWBT, AT&T and MCI shall develop a preliminary flow chart
<b>Feb 10</b>	identifying each cost model component, input source, input
<b>through</b>	value and output value, including sequential analysis, inter-
<b>Mar 7</b>	related model segments and background analysis and data
	source for inputs.

Overview of costing analysis via flow chart. Identification of critical paths and input values. Identification of critical inputs by SMEs. Analysis of certain common inputs such as depreciation rates, cost of capital, bad debt, inflation, income tax, common cost allocator and productivity factor. State-specific ARMIS data by subaccount will be developed for resale cost studies.

<b>Weeks 5-7</b>	Review of local loop and cross connect model segments,
<b>Mar 10</b>	inputs, process and output, including basis for geographic
<b>through</b>	deaveraging, costing of poles and conduits as well as fill
<b>Mar 28</b>	factors. Review resale cost study accounts.

<b>Weeks 8-9</b>	Review of ports and local and tandem switching segments,
<b>Mar 31</b>	inputs, process and output.
<b>through</b>	
<b>Apr 11</b>	



**Weeks 10-11** Review of dedicated and common transport, recurring charges  
 Apr 14 and segments, inputs, process and output.  
 through  
 Apr 25

**Weeks 12-14** Run costing models with specific inputs identifying varying  
 Apr 28 sensitivity to differing inputs, order of inputs and network  
 through assumptions. Include analysis of miscellaneous cost studies  
 May 16 such as dark fiber.

**Weeks 15-16** Prepare report of results of analysis and output to  
 May 19 Commission recommending permanent prices for unbundled  
 through network element and a permanent discount on resale services.  
 May 30

**May 30, 1997** Commission announces proposed permanent rates.

**June 30, 1997** Commission issues order setting permanent prices.

## V. Ordered Paragraphs

### IT IS THEREFORE ORDERED:

1. That the Motion to Identify and Produce Information filed by Southwestern Bell Telephone Company on December 20, 1996, is hereby denied.
2. That the motions for rehearing as filed by Southwestern Bell Telephone Company, and also jointly filed by MCI Telecommunications Corporation and AT&T Communications of the Southwest, Inc., are hereby denied.
3. That the motion to strike the reply of Southwestern Bell Telephone Company, as jointly filed by AT&T Communications of the Southwest, Inc. and MCI Telecommunications Corporation is denied.
4. That the Applications for Clarification as filed by MCI Telecommunications Corporation, Southwestern Bell Telephone Company and



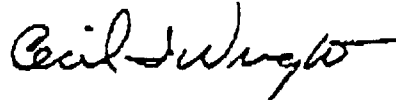
AT&T Communications of the Southwest, Inc., are hereby granted as set forth within this order.

5. That the Arbitration Order issued on December 11, 1996, shall remain in full force and effect except as specifically modified by this order.

6. That the parties shall comply with the schedule for the development of permanent rates set out in this order.

7. That this order shall become effective on February 4, 1997.

BY THE COMMISSION



Cecil I. Wright  
Executive Secretary

(S E A L)

Zobrist, Chm., McClure, Kincheloe,  
and Drainer, CC., Concur.  
Crumpton, C., Concurs, with  
concurring opinion to follow.

ALJ: Roberts



# **PSC Modified Monthly Loop Costs**

Based upon PSC Modifications to Cost Study Data

Submitted by Southwestern Bell Telephone

	Geographic Zone 1	Geographic Zone 2	Geographic Zone 3	Weighted Avg. Rate
<b><u>Unbundled Loops</u></b>				
8db Loop	\$10.50	\$16.92	\$27.63	\$13.60
ISDN-BRI Loop	\$29.36	\$38.56	\$55.76	\$33.96
DS-1 Loop	\$87.87	\$97.35	\$105.16	\$91.77



## Resale Cost Study for SWBT

Costs:	Total Missouri	%	SWBT
	Regulated	Avoided	Avoided
<b>Direct:</b>	<b>(\$000)</b>		
6611 Product Management	6908	90%	6217
6612 Sales	25950	90%	23355
6613 Product Advertising	9725	90%	8753
6621 Call Completion services	12297	100%	12297
6622 Number Services	34450	100%	34450
6623 Customer Services	85212	90%	78691
<b>Indirect:</b>			
5301 Uncollectible Revenue	11845	20.45%	2423
6112 Motor Vehicle Exp.	1069	0%	0
6113 Aircraft Exp.	0	0%	0
6114 Spec Purpose Vehicle	0	0%	0
6115 Garage Work Equipment	19	0%	0
6116 Other Work Equipment	141	0%	0
6121 Land & Bldg Exp.	-3149	20.45%	-644
6122 Furniture & Artwork	-2035	20.45%	-416
6123 Office Exp.	762	20.45%	156
6124 Gen Purpose Computers	-20131	20.45%	-4117
6211 Analog Electronic Exp.	15825	0%	0
6212 Digital Electronic Exp.	32248	0%	0
6215 Electro-mech Exp.	144	0%	0
6220 Operators Exp.	1834	0%	0
6231 Radio System Exp.	545	0%	0
6232 Circuit System Exp.	22007	0%	0
6311 Station Apparatus Exp.	4	0%	0
6341 Lg PBX /Exp.	409	0%	0
6351 Public Tel Term Eq Exp.	4572	0%	0
6362 Other Terminal Eq Exp.	19182	0%	0
6411 Poles Exp.	1488	0%	0
6421 Aerial Cable Exp.	42237	0%	0
6422 Underground Cable Exp.	7156	0%	0
6423 Buried Cable Exp.	61801	0%	0
6424 Submarine Cable Exp.	4	0%	0
6425 Deep Sea Cable Exp.	0	0%	0
6426 Intrabuilding Network Cable Exp.	14	0%	0
6431 Aerial Wire Exp.	272	0%	0
6441 Conduit Systems Exp.	773	0%	0
6511 Telecomm Use Exp.	0	0%	0
6512 Provisioning Exp.	327	0%	0
6531 Power Exp.	4757	0%	0
6532 Network Admin Exp.	12318	0%	0
6533 Testing Exp.	36549	0%	0
6534 Plant Operations Admin	28091	0%	0
6535 Engineering Exp.	21020	0%	0
6540 Access Exp.	49094	0%	0
6561 Depreciation Telecom plant in Service	307092	0%	0
6562 Depreciation Future Telecom Use Plant	0	0%	0
6563 Amortization Exp. - Tangible	787	0%	0
6564 Amortization Exp. - Intangible	0	0%	0
6565 Amortization Exp. - Other	5286	0%	0
6711 Executive	8667	20.45%	1773
6712 Planning	1575	20.45%	322
6721 Accounting & Finance	10420	20.45%	2131
6722 External Relations	17029	20.45%	3483
6723 Human Resources	15295	20.45%	3128
6724 Information Management	31858	20.45%	6516
6726 Legal	3485	20.45%	713
6726 Procurement	3884	20.45%	794
6727 Research and Development	6591	20.45%	1348
6728 Other Gen & Admin	27961	20.45%	5719
<b>Total</b>	<b>1140004</b>		<b>185089.9</b>

<b>Revenues:</b>	<b>Missouri:</b>
Local Service	752251
Toll Network Service	158725
Network Access Service	426655
Miscellaneous	44575
<b>Total</b>	<b>1382206</b>

### Resale Percentage Discount on Revenue:


% of Resold Services Revenue	20.32%
(Local & Toll Network Service)	



**STATE OF MISSOURI  
OFFICE OF THE PUBLIC SERVICE COMMISSION**

I have compared the preceding copy with the original on file in this office and  
I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,  
Missouri, this 22 day of JANUARY, 1997.

  
Cecil I. Wright  
Executive Secretary



## *Attachment II*



**STATE OF MISSOURI**  
**PUBLIC SERVICE COMMISSION**

**TRANSCRIPT**

CASE NO. : TO-97-40

In the matter of AT&T Communications of the Southwest, Inc.'s petition for arbitration pursuant to Section 252(b) of the Telecommunications Act of 1996 to establish an interconnection agreement with Southwestern Bell Telephone Company.

CASE NO. : TO-97-67

In the matter of the petition of MCI Telecommunications Corporation and its affiliates, including MCIMetro Access Transmission Services, Inc., for arbitration and mediation under the Federal Telecommunications Act of 1996 of unresolved interconnection issues with Southwestern Bell Telephone Company.

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DATE : OCTOBER 15, 1996

PAGES : 979 TO 1228, INCLUSIVE (INDEX: 1225-1228)

VOLUME NO.: SEVEN



1 ALJ ROBERTS: Back on the record, please.  
2 Nancy Dalton has taken the stand and been sworn.  
3 Mr. Norton, this is your witness.  
4 NANCY DALTON, being first duly sworn, was examined and  
5 testified as follows:  
6 DIRECT EXAMINATION BY MR. NORTON:  
7 Q. Ma'am, are you the same Nancy Dalton who  
8 has previously filed direct and rebuttal testimony in this  
9 case marked as Exhibits 41 and 42 respectively?  
10 A. Yes, sir, I am.  
11 Q. Do you have that testimony with you at the  
12 stand?  
13 A. I do.  
14 Q. Are there any corrections or additions,  
15 deletions, changes that you might need to make, including  
16 any changes in circumstance since the filing of your  
17 testimony that might need to be reflected therein?  
18 A. Yes. I believe there's one. On pages 3  
19 and 4 of my direct testimony I describe recommendations  
20 around the process for the interconnection agreement, and  
21 we would like to modify our request in that regard.  
22 Q. In what way?  
23 A. As I described in my direct testimony,  
24 during the 135 days that we spent negotiating --  
25 ALJ ROBERTS: Excuse me. Could you give me



1 a line number where the change is going to be made?

2 THE WITNESS: Sure. Sorry, your Honor.

3 ALJ ROBERTS: That's all right.

4 THE WITNESS: Starts on page 3, summary of  
5 recommendations, item B, line 11. And it's described in --  
6 throughout lines 11 through 4.

7 BY MR. NORTON:

8 Q. On page 4?

9 A. On three. Items B; under the answer,  
10 items 1 through 4. So it's lines 11 through 28 on page 3.

11 Q. What has occurred to make you change those  
12 recommendations?

13 ALJ ROBERTS: Well, before -- I'm sorry.  
14 Let me interrupt you. Before you go -- I mean, I think the  
15 only thing we can do here is an actual text change, if you  
16 want to tell us either what to delete or what to write in.

17 MR. NORTON: I think that the witness's  
18 answer would be with regard to items 1 through 4, that the  
19 parties have continued to negotiate, that those  
20 recommendations need to be modified to reflect what has  
21 occurred in negotiation since the filing of this testimony  
22 under rebuttal.

23 ALJ ROBERTS: Okay. I mean, if there are  
24 some changes that we need to write in, we can do those. If  
25 there's very much substance, I may have to ask you to get

1035

ASSOCIATED COURT REPORTERS, INC.  
(314) 636-7551 JEFFERSON CITY, MO 65101  
(314) 442-3600 COLUMBIA, MO



1 that prepared and give us a substitute page. In other  
2 words, if you're going to replace lines 11 through 28 with  
3 as much text as I see here, if there's that much text,  
4 again, we will probably need a new page.

5 MR. NORTON: I don't anticipate that, your  
6 Honor.

7 ALJ ROBERTS: Okay. Do you just want to  
8 read into the record what the change should be?

9 BY MR. NORTON:

10 Q. How would you modify those recommendations  
11 in summary form, Ms. Dalton?

12 A. As opposed to recommending that the  
13 Commission adopt AT&T's filed proposed interconnection  
14 agreement --

15 Q. That's No. 1, isn't it?

16 A. Correct. It's also included in items 2, 3,  
17 and 4. What AT&T would recommend is that the parties  
18 continue to negotiate terms and conditions of a contract  
19 and file a jointly agreed-to contract with this Commission  
20 at a specified date.

21 ALJ ROBERTS: I need to know what word goes  
22 on what line. If we're going to change your testimony, we  
23 can't just have a general policy statement. I need to  
24 know, what is your testimony. What are the words and on  
25 what line where do they appear?



1 MR. NORTON: Well, your Honor, I think what  
2 she just said would substitute for lines 15 and 16.

3 ALJ ROBERTS: You want to strike everything  
4 that appears on line 15?

5 MR. NORTON: That would be fine, your  
6 Honor.

7 ALJ ROBERTS: And you want to strike all of  
8 16?

9 MR. NORTON: That will be fine, your Honor,  
10 and substitute therefor the witness's answer to the  
11 previous question.

12 ALJ ROBERTS: Would you read that again,  
13 please?

14 THE WITNESS: Yes, sir. Our recommendation  
15 would be that the parties continue to negotiate and file  
16 with this Commission an agreed-to interconnection agreement  
17 representing the areas that the parties have agreed to in  
18 negotiations and the terms for the decisions of this  
19 Commission.

20 ALJ ROBERTS: Okay. And then are you going  
21 to review all of 2, 3, and 4 as well?

22 MR. NORTON: I don't think that would be  
23 necessary, your Honor.

24 ALJ ROBERTS: Okay.

25 MR. NORTON: I think we can limit it to



1 lines 15 and 16, your Honor.

2 ALJ ROBERTS: All right. You may proceed.

3 BY MR. NORTON:

4 Q. Ms. Dalton, other than that correction to  
5 reflect the fact that the parties have continued to  
6 negotiate, are there any other additions, corrections,  
7 deletions that you need to make to this testimony at this  
8 time?

9 A. No, sir.

10 MR. NORTON: Your Honor, I'd move the  
11 admission of 41 and 42, tender the witness for  
12 cross-examination.

13 ALJ ROBERTS: Any objection to the  
14 admission of Exhibits 41 and 42?

15 MR. BUB: No, your Honor.

16 ALJ ROBERTS: With the changes reflected on  
17 41, those two exhibits will be admitted.

18 (EXHIBIT NOS. 41 AND 42 WERE RECEIVED IN  
19 EVIDENCE.)

20 ALJ ROBERTS: Tender the witness?

21 MR. NORTON: Yes, sir.

22 ALJ ROBERTS: Thank you. Witness goes  
23 first to Southwestern Bell.

24 MR. BUB: Thank you, your Honor

25 CROSS-EXAMINATION BY MR. BUB: